

## HOUSE BILL NO. 8

INTRODUCED BY M. MCCANN

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION AND THE  
OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND  
AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE PROJECTS AUTHORIZED BY THE  
56TH LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND  
CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM;  
AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX BONDS; AUTHORIZING THE CREATION OF  
A STATE DEBT AND APPROPRIATING COAL SEVERANCE TAXES FOR DEBT SERVICE; PLACING  
CERTAIN CONDITIONS UPON LOANS; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Approval of renewable resource projects and authorization to provide loans.** (1) The legislature finds that the renewable resource projects listed in this section meet the provisions of 17-5-702. The department of natural resources and conservation is authorized to make loans to the political subdivisions of state government and local governments listed in this section in amounts not to exceed the loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

(2) GROUP A: The interest rate for the projects in this group must be at the rate at which the state bonds are sold for the anticipated 20-year term of the loan. If a grant is authorized under House Bill No. 6 but available grant funds are insufficient, the applicant must be offered the opportunity to receive a loan for up to the amount of the authorized grant approved in House Bill No. 6.

Loan	Amount
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YELLOWSTONE COUNTY	
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Shiloh Road Bridge Replacement	\$620,000
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(3) GROUP B: The interest rate for the projects in this group is ~~4.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.~~ AS FOLLOWS:

1    Loan Amount

2    DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

3            Bair Dam Rehabilitation \$988,772

4            THE INTEREST RATE WILL BE 4.5% ON THE FIRST \$250,000, 2.25% ON THE NEXT INCREMENT OF THE LOAN  
 5    UP TO \$500,000, AND 0% ON THE AMOUNT OF THE LOAN OVER \$500,000. THE DEPARTMENT OF NATURAL RESOURCES  
 6    AND CONSERVATION WILL THEN DETERMINE AN AVERAGE RATE FOR THE FULL TERM OF THE LOAN, WHICH MAY BE UP TO  
 7    20 YEARS.

8    DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

9            Nevada Creek Dam Rehabilitation 494,041

10          THE INTEREST RATE WILL BE 2.25% FOR UP TO 20 YEARS.

11   LOWER WILLOW CREEK DRAINAGE DISTRICT

12          Lower Willow Creek Dam Rehabilitation 1,350,000

13          THE INTEREST RATE WILL BE 4.5% ON THE FIRST \$250,000, 2.25% ON THE NEXT INCREMENT OF THE LOAN  
 14    UP TO \$500,000, AND 0% ON THE AMOUNT OF THE LOAN OVER \$500,000. THE DEPARTMENT OF NATURAL RESOURCES  
 15    AND CONSERVATION WILL THEN DETERMINE AN AVERAGE RATE FOR THE FULL TERM OF THE LOAN, WHICH MAY BE UP TO  
 16    20 YEARS.

17   HELENA VALLEY IRRIGATION DISTRICT

18          Gate Replacement at Canyon Ferry Dam 188,400

19          THE INTEREST RATE WILL BE 4.5% OR THE RATE AT WHICH THE STATE BONDS ARE SOLD, WHICHEVER IS LOWER,  
 20    FOR UP TO 20 YEARS.

21          (4) GROUP C: The interest rate for the projects in this group may be 2% below the long-term bond  
 22    rate at which the state bonds are sold for the first 5 years of an anticipated 20-year term and must be at  
 23    the rate at which the state bonds are sold for the remaining 15 years.

24   Loan Amount

25   LOCKWOOD WATER AND SEWER DISTRICT

26          Wastewater Collection and Treatment Works \$3,300,000

27

28          NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized. (1) The  
 29    legislature finds that the renewable resource projects listed in this section that were approved by the 56th  
 30    legislature in Chapter 255, Laws of 1999, may not complete the requirements necessary to obtain the loan

1 funds prior to June 30, 2001. The projects described in this section are reauthorized. The department of  
 2 natural resources and conservation is authorized to make loans to the political subdivisions of state  
 3 government and local governments listed below in amounts not to exceed the loan amounts listed for each  
 4 project from the proceeds of the bonds authorized in [section 3].

5 (2) GROUP A: The interest rate for the projects in this group must be at the rate at which the state  
 6 bonds are sold for the anticipated 20-year term of the loan.

7 Loan	Amount
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8 DALY DITCHES IRRIGATION DISTRICT

9 Republican Canal Diversion Dam Replacement	\$730,691
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10 HEBGEN BASIN/WEST YELLOWSTONE REFUSE DISTRICT

11 Composting Facility for Municipal Solid Waste	2,080,000
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12 (3) GROUP B: The interest rate for the projects in this group may be 2% below the long-term bond  
 13 rate at which the state bonds are sold for the first 5 years of an anticipated 20-year term and must be at  
 14 the rate at which the state bonds are sold for the remaining 15 years.

15 Loan	Amount
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16 HILL COUNTY WATER DISTRICT

17 Water Treatment Plant	\$400,000
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18 (4) GROUP C: The interest rate for the project in this group is 3.5% or the rate at which the state  
 19 bonds are sold, whichever is lower, for up to 20 years.

20 Loan	Amount
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21 HUNTLEY PROJECT IRRIGATION DISTRICT

22 Irrigation System Improvements	\$3,200,440
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23 (5) GROUP D: The interest rate for the projects in this group is ~~4% or the rate at which the state~~  
 24 ~~bonds are sold, whichever is lower, for up to 20 years.~~ AS FOLLOWS:

25 Loan	Amount
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26 MALTA IRRIGATION DISTRICT

27 Repair and Modification of Dodson Diversion Dam	\$2,274,950
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28 THE INTEREST RATE WILL BE 4.5% ON THE FIRST \$250,000, 2.25% ON THE NEXT INCREMENT OF THE LOAN  
 29 UP TO \$500,000, AND 0% ON THE AMOUNT OF THE LOAN OVER \$500,000. THE DEPARTMENT OF NATURAL RESOURCES  
 30 AND CONSERVATION WILL THEN DETERMINE AN AVERAGE RATE FOR THE FULL TERM OF THE LOAN, WHICH MAY BE UP TO

1 20 YEARS.

2 (6) GROUP E: The interest rate for the project in this group is 4.5% or the rate at which the state  
3 bonds are sold, whichever is lower, for up to 20 years.

4 Loan Amount  
5 CANYON CREEK IRRIGATION DISTRICT

6 Canyon Lake Dam and Wyant Lake Dam Restoration Project \$300,000

7

8 NEW SECTION. **Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that  
9 Title 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific  
10 approved renewable resource projects as part of the state renewable resource grant and loan program.  
11 Available funds from previous sales of coal severance tax bonds, plus any additional principal amount on  
12 bonds as may be necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as  
13 authorized and approved in accordance with 85-1-605(4), also may be used for the projects approved in  
14 [sections 1 and 2]. The board of examiners is authorized to issue coal severance tax bonds in an amount  
15 not to exceed ~~\$19,897,448~~ \$18,956,102 of which \$15,927,294 is to be used to finance the projects  
16 approved in [sections 1 and 2], ~~\$2,161,295~~ \$1,305,526 is to be used to finance additional loans in lieu  
17 of grants for projects listed in [section 1] if grant funds are not sufficient, and up to ~~\$1,808,859~~  
18 \$1,723,282 is to be used to establish a reserve for the bonds. Proceeds of the bonds are appropriated to  
19 the department of natural resources and conservation for financing the projects identified in [sections 1  
20 and 2] and may be used as authorized in 85-1-605(4). Loans made under 85-1-605(4) must bear interest  
21 at the rate borne by the state bonds unless the legislature in a subsequent session provides for a lower  
22 interest rate, in which case the rate must be reduced to the rate specified by the legislature.

23 (2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay  
24 the principal and interest on the bonds when due from the debt service account and in all other respects  
25 manage and use the funds within each special bond account for the benefit of the bonds. The board of  
26 examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most  
27 advantageous financial arrangements for the state.

28 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt  
29 service account to pay the debt service on the bonds during this period. Earnings in excess of debt service,  
30 if any, must be allocated to the renewable resource grant and loan state special revenue account.

(4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated, and appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under this section.

**NEW SECTION. Section 4. Conditions of loans.** (1) Disbursement of funds under [sections 1 through 7] for loans is subject to the following conditions that must be met by project sponsors:

(a) approval of a scope of work and budget for the project by the department of natural resources and conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

(b) documented commitment of other funds required for project completion;

(c) satisfactory completion of conditions described in the recommendations section of the project narrative in the renewable resource grant and loan program project evaluations and recommendations report for the biennium;

(d) execution of a loan agreement with the department; and

(e) accomplishment of other specific requirements considered necessary by the department to accomplish the purpose of the loan as evidenced from the application to the department or from the proposal to the legislature.

(2) Each project sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay to the department a pro rata share of the bond issuance costs and the administrative costs incurred by the department to complete the loan transaction.

**NEW SECTION. Section 5. Private and discount purchase of loans.** Loans to political subdivisions and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made, purchased by, and sold to the department of natural resources and conservation at a discount and at a private negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local government entities.

**NEW SECTION. Section 6. Appropriations established.** For any entity of state government that receives a loan under [sections 1 through 5], an appropriation is established for the amount of the loan upon award of the loan by the department of natural resources and conservation.

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2        **NEW SECTION. Section 7. Creation of state debt -- appropriation of coal severance tax -- bonding**3 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the

4 members of each house is required for enactment of [section 3].

5        (2) The legislature, through the enactment of [sections 1 through 7] by a vote of three-fourths of

6 the members of each house of the legislature, as required by Article IX, section 5, of the Montana

7 constitution, pledges, dedicates, and appropriates from the coal severance tax bond fund all money

8 necessary for the payment of principal and interest not otherwise provided for on the coal severance tax

9 bonds authorized by [section 3] to be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the

10 provisions of [sections 1 through 7] and the general resolution for this bond program that has been

11 adopted by the board of examiners under the authority provided in Title 17, chapter 5, part 7.

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13        **NEW SECTION. Section 8. Severability.** If a part of [this act] is invalid, all valid parts that are

14 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its

15 applications, the part remains in effect in all valid applications that are severable from the invalid

16 applications.

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18        **NEW SECTION. Section 9. Effective date.** [This act] is effective July 1, 2001.

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